

2000 Alternative Fuel Vehicle (AFV) Credit

NOTE: *There may be a compliance audit when the department processes this credit form. This will cause a longer than normal processing time for your return.*

Phone Numbers

If you have questions, please call one of the following help numbers:

Phoenix	(602) 255-3381
Nationwide, toll-free	(800) 352-4090
Form orders	(602) 542-4260
Forms by Fax	(602) 542-3756
Recorded Tax Information	
Phoenix	(602) 542-1991
Other Arizona areas, toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
Other Arizona areas, toll-free	(800) 397-0256

You may also visit our web site at:
www.revenue.state.az.us

Credit Provisions

For taxable years beginning from and after December 31, 1999, Arizona law allows an alternative fuel vehicle (AFV) credit for the following.

- For purchasing or leasing a new AFV during the taxable year for use in Arizona.
- For purchasing or leasing a used AFV during the taxable year for use in Arizona, providing the used vehicle was purchased or leased prior to July 1, 2000.
- For incurring expenses during the taxable year for converting a new or a used conventionally fueled vehicle to operate on alternative fuel for use in Arizona.

Eligibility Requirements

To be eligible for an AFV credit, all of the following must apply:

- You must have placed the order to lease, purchase and/or convert the vehicle before October 20, 2000. Purchases made, orders placed, or contracts entered into after October 19, 2000 are not eligible for a credit.
- You must have filed Arizona Form, *Notice of Intent to Claim Alternative Fuel Credit or Opt Out Payment*, to the Office of Alternative Fuel Recovery/Department of Revenue by January 2, 2001. If you file this form by mail, this form must have been postmarked by January 2, 2001. You may also use certain private delivery services designated by the IRS to meet the "timely mailing as timely filed" rule.
- The vehicle must be in the taxpayer's possession before December 1, 2000, or the taxpayer must have paid in full for the vehicle before December 1, 2000.
- You must apply for a grant from the Arizona

Department of Commerce Energy Office to be eligible for a credit for an AFV. In the case of a leased vehicle, the lessee must apply for a grant in order for the lessee and the lessor to be eligible to share the credit, unless the lessee is a governmental agency.

- The taxpayer cannot transfer the vehicle to any person, other than a member of the taxpayer's immediate family or a person who resides in the same household as the taxpayer, for 36 months after the initial registration of the vehicle as an AFV.
- The vehicle must be registered in Arizona for 36 months.
- If the vehicle is a bi-fuel vehicle that operates on liquefied petroleum gas, the taxpayer must provide evidence that the vehicle uses liquefied petroleum gas for at least 50% of the fuel used in the vehicle for 36 months.
- If the vehicle is a bi-fuel vehicle that operates on compressed natural gas (CNG), the taxpayer must provide evidence that the vehicle uses a certain percent of CNG for a period of 36 months. For the first year, the vehicle must use CNG for at least 25% of the fuel used in the vehicle. In the second year, the vehicle must use CNG for at least 33 1/3% of the fuel used in the vehicle. In the third year, the vehicle must use CNG for at least 50% of the fuel used in the vehicle.
- The vehicle must comply with the emissions inspection requirements for alternative fuel vehicles prescribed in Arizona Revised Statutes, Title 49, Chapter 3, Article 5.

Credit Recapture

The department is required to disallow the credit or to recapture the credit if any of the following occur:

- The taxpayer transfers the vehicle to any person, other than a member of the taxpayer's immediate family or a person who resides in the same household as the taxpayer, within 36 months after the initial registration of the vehicle as an AFV. The recapture will not apply if the vehicle is transferred because the vehicle is demolished or if the taxpayer dies before the end of the 36-month period.
- The vehicle is registered in Arizona for less than 36 months.
- If a bi-fuel vehicle that operates on liquefied petroleum gas does not use liquefied petroleum gas for at least 50% of the fuel used in the vehicle for 36 months.
- If a bi-fuel vehicle that operates on CNG does not use CNG for at least 25% of the fuel used in the vehicle for the first year, at least 33 1/3% in the second year, and at least 50% in the third year.
- The vehicle fails to comply with the emissions

inspection requirements for alternative fuel vehicles prescribed in Arizona Revised Statutes, Title 49, Chapter 3, Article 5.

If any of the above occurs, the credit recapture will be calculated as follows:

- If the date of the event that causes the recapture is within the first full year after the vehicle is placed in service, 100%.
- If the date of the event that causes the recapture is within the second full year after the vehicle is placed in service, 66 2/3%.
- If the date of the event that causes the recapture is within the third full year after the vehicle is placed in service, 33 1/3%.

Opt Out

If a taxpayer does not want to comply with the possession, registration, emission, and/or fuel use requirements, the taxpayer may elect to opt out of the credit provisions. If the taxpayer elects to opt out, the taxpayer will receive a payment equal only to the cost of conversion if the vehicle is converted, or the incremental cost if the vehicle is an original equipment manufactured AFV. The payment is in lieu of a grant or a tax credit. To be eligible for this payment, you must have filed Arizona Form, *Notice of Intent to Claim Alternative Fuel Credit or Opt Out Payment*, to the Office of Alternative Fuel Recovery/Department of Revenue.

If you elect to opt out, you must apply to the Office of Alternative Fuel Recovery/Arizona Department of Administration by March 9, 2001 for payment.

Equitable Relief

If the taxpayer transfers the vehicle to any person, other than a member of the taxpayer's immediate family or a person who resides in the same household as the taxpayer, within 36 months after the initial registration of the vehicle or if the vehicle is registered in Arizona for less than 36 months, or fails to meet the fuel usage or emission requirements, the taxpayer may be eligible for equitable relief if both of the following apply:

1. The taxpayer was unable to meet the above requirements due to circumstances that would make the requirement unfair or inequitable to the taxpayer; and
2. The taxpayer acted in good faith and intended to primarily propel the vehicle with alternative fuel.

See Department of Revenue general tax procedure, GTP 01-01 for more information about equitable relief.

You may apply for equitable relief when you claim the credit. Use Form AFV-RR, *Request for Relief From Alternative Fuel Vehicle Requirements*, to apply for equitable relief. If you apply for equitable relief when you

claim the credit, attach your equitable relief request to your income tax return.

If the department does not grant you equitable relief and disallows your credit, you will be billed for any tax, penalty and interest that results from that disallowance. To avoid penalty and interest charges, you can file your original return without claiming the credit, then file an amended return to claim the credit. If you choose to claim the credit on an amended return, be sure you attach your equitable relief request to the amended return.

Credit Amounts

- If you purchased a new or used AFV and you received a grant from the Arizona Department of Commerce, you may claim a tax credit for the incremental cost of the vehicle.
- If you purchased a new or used AFV and you apply for a grant from the Arizona Department of Commerce, but funds are not available for a grant, and the Arizona Department of Commerce sends you an affidavit that states that you are eligible for the tax credit, you may claim a credit in the amount specified under A.R.S. §§ 43-1086.B (individuals) or 43-1174.B (corporations), plus the incremental cost of the vehicle.
- If the AFV is a leased vehicle, and the lessee received an AFV verification from the Arizona Department of Commerce, the lessee may only claim a credit in an amount specified under A.R.S. § 43-1086.B or 43-1174.B. This amount must be reduced by any grant that the lessor may have received. The lessee may not claim a credit for the incremental cost of the vehicle. If the lease agreement so provides, the lessee may share the credit with the lessor.
- The credit for converting a used conventionally fueled vehicle to operate on alternative fuel is the cost of the conversion.
- The total amount allowed for a credit, plus any grant that may have been received cannot be more than the actual purchase price or cost of the vehicle.

Refund Information

If the credit allowable for the 2000 taxable year exceeds the income taxes due for the 2000 taxable year, the taxpayer may make an irrevocable election to have the refund paid in a lump sum, to have the refund paid in 2 annual installments, or to have the refund paid in 3 annual installments.

No interest will be paid on refunds made in installments.

Amounts refunded under this program will be subject to federal and Arizona tax. The department will issue a statement to you and to the IRS indicating the amount refunded to you. The statement issued to the IRS will include the total refund, regardless if choose a lump sum, 2

annual installments or 3 annual installments.

Attachments

When you claim a credit on Form 313, you must attach a copy of the notice, affidavit or AFV verification received from the Office of Alternative Fuel Recovery/Department of Commerce. You should also attach appropriate documentation to verify your fuel usage.

The department may also ask for additional documentation upon audit.

Treatment of Prior Year AFV Credits

If you have a carryover from taxable years beginning before January 1, 2000, you may continue to use any allowable carryover from those credits for a period of up to 5 consecutive taxable years from the taxable year in which the credit was originally claimed.

Use of This Form

Use this form to do the following.

- Figure your AFV and refueling equipment subtraction allocable to 2000 from 1998.
- Figure your AFV credit for 2000.
- Figure how much of an AFV credit carryover you have available from a prior taxable year.

NOTE: *If you are eligible for a credit from more than one source (e.g., direct investment, flow-through from a partnership or S corporation), complete a separate Form 313 for each source.*

Do not use Form 313 to claim a credit for a neighborhood electric vehicle (NEV) or a carryover of a credit for a NEV. If you are claiming a credit or credit carryover for a NEV, use Form 328.

What is an AFV?

An AFV is a vehicle that is primarily propelled by an alternative fuel. The vehicle must be self-propelled and registered and titled in Arizona for operation on highways. AFVs include bi-fuel vehicles and dedicated vehicles. A neighborhood electric vehicle (NEV) is not an AFV for the purpose of the credit claimed on Form 313. However, see Form 328 for information concerning a NEV credit. Vehicles like golf carts, (even if used as a means of secondary transportation), motorized wheelchairs, or vehicles designed primarily for agricultural purposes are not AFVs for this credit. AFVs also do not include vehicles like forklifts that are not designed primarily for operation on highways.

For a vehicle to qualify for a credit, the vehicle engine must meet one of the following:

1. The vehicle engine is certified to meet at a minimum the United States Environmental Protection Agency low emission vehicle standard under 40 Code of Federal Regulations section 88.104-94, or 88.105-94.
2. The vehicle engine meets the requirements of the

addendum to memorandum 1-A, issued by the United States Environmental Protection Agency, as printed in the Federal Register, Volume 62, Number 207, October 27, 1997, pages 55635 through 55637.

3. The vehicle engine is the subject of a waiver for that specific engine application from the United States Environmental Protection Agency's Memorandum 1-A requirements and that waiver is documented to the reasonable satisfaction of the Arizona Department of Commerce, Energy Office.

If you have questions about whether your vehicle meets one of these requirements, contact the manufacturer of your vehicle.

Are There Special Requirements for Leased Vehicles?

- A taxpayer that leases an AFV must apply for a grant from the Arizona Department of Commerce even though the lessee is not eligible for a grant. In this case, the Arizona Department of Commerce will issue the person an AFV verification. The lessee must apply for a grant in order for the lessee and the lessor to be eligible to share the credit, unless the lessee is a governmental agency.
- A taxpayer that leases an AFV may not claim a credit for the incremental cost difference.
- A taxpayer that leases an AFV must reduce the amount of credit allowable under A.R.S. § § 43-1086.B or 43-1174.B by the amount of any grant received by the lessor.
- A person who purchases an AFV and then leases the vehicle to a governmental entity is entitled to take a tax credit for the purchase of the vehicle.
- A taxpayer that purchases an AFV for the purpose of leasing the vehicle cannot take an AFV credit for purchasing the vehicle. However, the purchaser may split the credit allowed for the lease of the vehicle with the lessee.

What is Alternative Fuel?

Alternative fuel is:

- Electricity
- Solar Energy
- Liquefied petroleum gas
- Natural gas
- Hydrogen
- A blend of hydrogen with liquefied petroleum or natural gas that complies with either of the following:
 1. Is used in an engine that is certified to meet at a minimum the United States Environmental Protection Agency low emission vehicle standard under 40 Code of Federal Regulations Section 88.104-94 or 88.105-94.

2. Is used in an engine that is certified by the engine modifier to meet the addendum to memorandum 1-A of the United States Environmental Protection Agency.
- A combination of at least 70 percent alternative fuel and not more than 30 percent petroleum based fuel and that operates in an engine that meets the United States Environmental Protection Agency low emission vehicle standard under 40 Code of Federal Regulations Section 88.104-94, or 88.105-94 and is certified by the engine manufacturer to consume at least 70 percent alternative fuel during normal vehicle operations.

Line-by-Line Instructions

Enter the names and taxpayer identification numbers (TIN) as shown on Form 140, 140PY, 140NR, 140X, 141 (subtraction only), 120, 120A, 120S (credit only), 120X, or 165. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers who fail to include the preparer TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

Part I - Subtraction Allocable to Taxable Year 2000 From Taxable Year 1998

The alternative fuel subtraction was repealed in 1999. Therefore, you may not take a subtraction for AFVs purchased or converted during 2000. You may not take a subtraction for refueling equipment purchased during 2000. However, if you were entitled to a subtraction for refueling equipment or vehicles purchased or converted during 1998, you may still take one-third of the subtraction from 1998 which is allocable to 2000.

NOTE: Skip lines 1 through 3 if you do not have a subtraction allocable to the 2000 taxable year from taxable year 1998.

Only individuals, partnerships, corporations (other than S corporations), estates and trusts may take the subtraction. An S corporation cannot take the subtraction.

Use lines 1 through 3 to determine the portion of the total allowable subtraction for purchases or conversions made in taxable year 1998 that is allocable to the 2000 taxable year.

Line 1 -

Enter one-third of the subtraction allowable from taxable year 1998. This is the sum of the amounts shown on Part I, lines 12, 21, and 24, of the 1998 Arizona Form 313 filed with your 1998 Arizona income tax return.

Line 2 -

If you conveyed the title to your qualifying vehicle to another individual, corporation, partnership, estate, or trust, you cannot take the subtraction for that vehicle in any subsequent taxable year.

Enter the unallowable amount on line 2. Attach a schedule to your return that shows your computations and identifies each vehicle for which you computed an unallowable amount. In order to properly identify each vehicle, your schedule must show both of the following.

1. The taxable year in which you purchased or converted your qualifying vehicle.
2. The vehicle identification number.

The following example will illustrate how to compute the unallowable amount.

Example:	
John, an individual taxpayer, purchased two new qualifying AFVs during 1998 at a cost of \$36,000 each, for a total cost of \$72,000. For the 1998 taxable year, John computed a total subtraction of \$18,000 (\$9,000 for each vehicle). Since John could only take one-third of the total \$18,000 subtraction on his 1998 return, John took a subtraction of \$6,000 on his 1998 return.	
During December of 1998, John sold vehicle #1 to another individual. Since John does not own vehicle #1 any longer, John cannot take the remaining two-thirds of the original \$9,000 subtraction allowed for vehicle #1. John computes the unallowable amount for vehicle #1 as follows:	
Vehicle #1 subtraction	\$ 9,000
Less amount taken for vehicle #1 in 1998	3,000
Total unallowable amount	\$ 6,000
Since John may still take a subtraction for vehicle #2 on his 2000 Arizona return, John must allocate the unallowable amount for vehicle #1 between taxable years 1999 and 2000 as follows.	
Unallowable amount allocable to 1999	\$ 3,000
Unallowable amount allocable to 2000	\$ 3,000
When John completes Form 313, John will enter 6,000 on Part I, line 1. Since \$3,000 of the unallowable amount is allocable to 2000, John will enter \$3,000 on Part I, line 2 of his Arizona Form 313.	

Line 3 -

Subtract line 2 from line 1. Enter the result on line 3.

Individuals also enter this amount on Form 140, page 2, line C23; Form 140PY, page 2, line D35; or Form 140NR page 2, line D27.

Estates or trusts filing an Arizona Form 141 also enter this amount on Form 141, line 11e.

Partnerships filing Arizona Form 165 also enter this amount on Arizona Form 165, page 2, Schedule B, line B4.

Corporations filing Arizona Form 120A, enter this amount on Arizona Form 120A, page 2, Schedule B, line B8. Corporations filing Form 120, also enter this amount on Arizona Form 120, page 2, Schedule B, line B8.

Part II – Credit Eligibility

See the section titled “Eligibility Requirements” on page 1 of these instructions for criteria that you must meet to claim the credit.

Part III – Credit Intent Notice

Answer the question on line 4. Check the box for the answer that applies to you.

To be eligible for an AFV credit, you must have filed Arizona Form, *Notice of Intent to Claim Alternative Fuel Tax Credit or Opt Out Payment*, to the Office of Alternative Fuel Recovery/Department of Revenue. You must have filed this form by January 2, 2001. If you mailed this form, your form had to have been postmarked by January 2, 2001. You may also have used a private delivery service designated by the IRS to meet the “timely mailing as timely filed rule”.

If you were unable to file the intent notice by the January 2, 2001 deadline, but feel that you are entitled to the credit, you may file Form 313 with an explanation of why you did not file the intent form by the deadline. If the department disallows your credit, you will be billed for any tax, penalty and interest that results from that disallowance. To avoid penalty and interest charges, you can file your original return without claiming the credit, then file an amended return to claim the credit.

Part IV – Grant Information

Lines 5 through 7 -

Line 5 -

Answer the question on line 5. To be eligible for an AFV credit, you must first apply for a grant from the Arizona Department of Commerce Energy Office. If you answered no, STOP. You do not qualify for the credit.

Line 6 -

If you answered yes to the question on line 5, answer the question on line 6. To be eligible for the credit for a vehicle that you purchased or converted, you must have received a notice, or affidavit from the Arizona Department of Commerce Energy Office. To be eligible for the credit for a vehicle that you leased, you must have received an AFV verification from the Arizona Department of Commerce Energy Office. If you applied for a grant, but did not receive a notice, affidavit, or an AFV verification, STOP. You do not qualify.

Line 7-

If the vehicle is a leased vehicle, answer the question on line 7.

General Credit Information

The credit amount under A.R.S. § § 43-0186.B or 43-1174.B is figured as a percentage of the cost of the vehicle or a set dollar amount, whichever is more. Further, the amount of the credit is also based on the vehicle emission classification, gross vehicle weight and whether the vehicle is a new vehicle or a used vehicle.

Vehicle Emission Levels	
The chart below shows the vehicle emission levels that qualify for a credit.	
LEV	low emission vehicle
ULEV	ultra low emission vehicle
ILEV	inherently low emission vehicle
ZEV	zero emission vehicle
SULEV	super ultra low emission vehicle
If you are unsure of the emission level of your AFV, check with your local dealer or manufacturer for the emission certification level of your specific model.	

Incremental Cost	
Use the chart below to determine how to figure the incremental cost.	
Type of Vehicle	How to Figure the Incremental Cost
Factory Manufactured LEV, ULEV, ILEV, SULEV	The incremental cost is the amount by which the cost of the AFV exceeds the cost of the same model of conventionally fueled vehicle that is similarly equipped. This is the cost of the alternative fuel option.
Factory Manufactured ZEV	For a zero emission vehicle the incremental cost is assumed to be \$10,000 or 25% of the cost, whichever is more.
Conversion	In the case of a conversion, the incremental cost is the cost of conversion.
Leased AFV	ZERO. A leased AFV is not eligible for a credit for the incremental cost.

Actual Purchase Price, Cost and MBRP	
Use the chart below to determine the actual purchase price, cost, and the manufacturer's base retail price (MBRP).	
Actual Purchase Price For the Purchase or Conversion of a New AFV	
	The actual purchase price of the vehicle is the amount you paid for the vehicle, including dealer options and a reasonable dealer prep fee, minus the sum of any customer rebates, factory-to-dealer incentives, document preparation fees, registration fees, title fees, fleet car discounts, amounts paid for extended warranties, or aftermarket equipment installed on the vehicle. For vehicles over 12,000 pounds gross vehicle weight, this does not include the cost of any attachment not associated with the operation of the vehicle.

Actual Purchase Price, Cost and MBRP continued	
Actual Purchase Price For the Lease of a New AFV	If you leased a new vehicle, the actual purchase price of the vehicle is the capitalized cost minus the sum of any customer rebates, factory-to-dealer incentives, document preparation fees, registration fees, title fees and the residual value of the vehicle as shown on the lease. For vehicles over 12,000 pounds gross vehicle weight, this does not include the cost of any attachment not associated with the operation of the vehicle.
Cost For the Purchase or Conversion of a Used AFV	The cost of the vehicle is the amount you paid for the vehicle minus the sum of any customer rebates, factory-to-dealer incentives, document preparation fees, registration fees, title fees, amounts paid for extended warranties, or aftermarket equipment installed on the vehicle. For vehicles over 12,000 pounds gross vehicle weight, this does not include the cost of any attachment not associated with the operation of the vehicle.
Cost For the Lease of a Used AFV	If you leased a used vehicle, the cost of the vehicle is the capitalized cost minus the sum of any customer rebates, factory-to-dealer incentives, document preparation fees, registration fees, title fees and the residual value of the vehicle as shown on the lease. For vehicles over 12,000 pounds gross vehicle weight, this does not include the cost of any attachment not associated with the operation of the vehicle.
Manufacturer's Base Retail Price (MBRP)	MBRP is the total price on the manufacturer's invoice minus any destination charges. MBRP does not include any dealer add-ons or other added charges. In most cases, MBRP will be the list price shown on the Arizona title and registration. In the case of a vehicle with a gross vehicle weight of over 12,000 pounds, MBRP does not include the cost of any attachment not associated with the operation of the vehicle.

Gross Vehicle Weight

Use the following information to figure the gross vehicle weight of your vehicle.

The gross vehicle weight is the amount shown on the affidavit you received from the Department of Commerce/Office of Alternative Fuel Recovery, unless that amount was based on misrepresentation by the claimant.

New or Used Vehicle

Use the following information to determine whether your vehicle is a new or a used vehicle.

New Vehicle	A new vehicle is a vehicle that was never registered and titled anywhere before its conversion to operate on alternative fuel. However, a new vehicle includes a vehicle that is converted after the vehicle is registered and titled, if the taxpayer ordered the conversion of the vehicle when the taxpayer purchased the vehicle.
Used Vehicle	A used vehicle is any vehicle other than a new vehicle

Part V – Purchase or Lease of New AFVs

Lines 8 Through 19 -

Use lines 8 through 19 to figure your credit for purchasing or leasing a new AFV.

If you have more than three vehicles, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three vehicles.

Part VI – Purchase or Lease of Used AFVs

Lines 37 Through 48 -

NOTE: *Lines 37 through 48 apply only to used AFVs purchased or leased prior to July 1, 2000. You may not claim a credit for a used AFV purchased or leased on or after July 1, 2000.*

Use lines 37 through 48 to figure your credit for purchasing or leasing a used AFV.

If you have more than three vehicles, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three vehicles.

To be eligible for the credit under this provision, you must have taken delivery and titled and registered the vehicle before July 1, 2000.

Part VII - Conversion of New Conventional Vehicles

Lines 57 Through 68 -

Use lines 57 through 68 to figure your credit for converting a new conventionally fueled vehicle to operate on alternative fuel.

If you have more than three vehicles, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three vehicles.

Part VIII -

Part VIII has been removed due to recent legislation.

Part IX - Conversion of Used Conventionally fueled vehicles

Lines 88 through 95 -

Uses lines 88 through 95 to figure your credit for converting a used conventionally fueled vehicle to operate on alternative fuel.

If you have more than three vehicles, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three vehicles.

Part X Total Current Year's Credit

Line 96 -

Add the amounts on Part V, line 19, Part VI, line 48, Part VII, line 68, and Part IX, line 95. Enter the total.

Part XI - Lessor/Lessee Agreement

Lines 97 Through 101 -

If you have entered into a lease agreement for the AFV, the lessor may claim a share of the credit for the vehicle as provided in the lease agreement. The total credit allowed to be taken between the lessor and the lessee cannot be more than the total credit allowed for that vehicle.

Complete lines 97 through 101 as instructed on the form.

Part XII - S Corporation Election and Shareholder's Share of Credit

Line 102 - S Corporation Election

All S corporations must complete line 102. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. One of the officers of the S corporation who is also a signatory to the Arizona Form 120S must sign this election.

Lines 103 Through 105 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 103 through 105.

An S corporation must complete the Form 313 through line 102. Then, complete lines 103 through 105 separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 313.

Each shareholder must complete lines 109 through 117.

Part XIII - Partner's Share of Credit

Lines 106 Through 108 -

A partnership must complete the Form 313 through line 101. Then, complete lines 106 through 108 separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the

partnership. The partnership must furnish each partner with a copy of the completed Form 313.

Each partner must complete lines 109 through 117.

Part XIV -

Part XIV has been removed due to recent legislation.

Part XV - Refund Election for Current Year's Credit - All Taxpayers Claiming the Credit

Lines 109 Through 113 -

Line 109 -

If the allowable credit exceeds the income taxes due for the 2000 taxable year, you must make an irrevocable election to do one of the following:

- Have the amount of credit not applied to taxes for the 2000 taxable year refunded in a lump sum.
- Have the amount of credit not applied to taxes for the 2000 taxable year refunded in two annual installments.
- Have the amount of credit not applied to taxes for the 2000 taxable year refunded in three annual installments.

If you elect to have the refund paid out in two or three annual installments, no interest will be paid on those amounts.

Check box 109a if you are electing a lump sum refund.

Check box 109b if you are electing the refund be paid in two annual installments.

Check box 109c if you are electing the refund be paid in three annual installments.

Line 110 -

Individuals and corporations, including S corporations that elected to take the credit, enter the amount from Part X, line 96, or if a lessor, from part XI, line 98d or if a lessee, from Part XI, line 101. S corporation shareholders, enter the amount from Part XII, line 105. Partners of a partnership, enter the amount from Part XIII, line 108.

Line 111 -

Enter the tax from your 2000 income tax return, less any other tax credits that you are claiming. Do not include the AFV credit from Form 313.

Line 112 -

Subtract line 111 from line 110.

Line 113 -

If the amount on line 111 is more than the credit being claimed on Form 313, enter the amount from line 110 here.

If you checked box 109a, enter the amount from line 110 here. If you checked box 109b, divide the amount on line 112 by 2 and add the result to the amount on line 111 and

enter the total on line 113. If you checked box 109c, divide the amount on line 112 by 3 and add the result to the amount on line 111 and enter the total on line 113.

Individuals also enter this amount on Form 140, page 1, line 38, or Form 140PY, page 1, line 39, or Form 140NR, page 1, line 38, or Form 140X, page 1, line 38.

NOTE Individuals Only: *If you are married, and you and your spouse file a separate return, you may each take only one-half of the total credit that would otherwise be allowed on a joint return.*

Corporations also enter this amount on Form 120, page 1, line 25, or Form 120A, page 1, line 17, or Form 120X, page 1, line 25.

S corporations that are taking the credit also enter this amount on Form 120S, page 1, line 21.

Part XVI – Credit Carryover Available From Taxable Years 1995, 1996, 1997, 1998, and 1999

Lines 114 Through 117 -

Use lines 114 through 117 to figure your total available credit carryover from taxable years 1995, 1996, 1997, 1998, and 1999. Complete lines 114 through 117 only if you claimed an AFV credit on a prior year return for 1995, 1996, 1997, 1998, and 1999, and the credit was more than your tax.

In column (b), enter the credit originally computed for the taxable year entered in column (a). In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 114 through 116c in column (d). Enter the total on line 117, column (d).

Corporations and S corporations that elect to take the credit also enter the amount on line 117 on Arizona Form 300, Part I, line 8.

Individuals also enter the amount on line 117 on Arizona Form 301, Part I, line 9.

NOTE Individuals Only: *If you are married, and you and your spouse file a separate return, you may each take only one-half of the total credit that would otherwise be allowed on a joint return.*

Where Should I Mail My Return?

Attach this form to your Arizona income tax return, and mail your return to: Arizona Department of Revenue, PO Box 29206, Phoenix AZ 85038-9206. Do not mail your return to the address indicated on the tax return.